

# DOCKET

06-IEP-1 / 03-RPS-1078

DATE Jul 11 2006

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California Energy Commission IEPR Committee

Docket Office

**Re Docket Nos. 06-IEP-1,**

**03-RPS-1078**

**RPS Proceeding**

1516 Ninth Street

Sacramento, CA 95814-5512

Re: Comments of The Metropolitan Water District of Southern California on the  
Mid-Course Review of the Renewables Portfolio Standard Process

Dear Committee:

The Metropolitan Water District of Southern California (Metropolitan) appreciates your Committee's acceptance of these filed comments two days out-of-time. These comments are also being submitted electronically to [docket@energy.state.ca.us](mailto:docket@energy.state.ca.us).

Metropolitan owns and operates 16 small conduit hydroelectric units, having a total generation capacity of 122 MW. Metropolitan has been pleased to contribute to California's renewable energy resources through its operation of these completely environmentally benign hydroelectric generators, which produce electricity based upon energy from downhill flows within Metropolitan's wholesale water distribution system. Some of the hydroelectric units are under contract to an investor-owned utility (IOU) and, with respect to that utility's renewable portfolio standard (RPS) requirement, qualify as baseline generation. Metropolitan is pleased to provide responses to questions 15 and 16 regarding Streamlining Accounting for RPS Compliance as identified in Attachment A of the Notice of Committee Workshop held July 6, 2006.

Metropolitan strongly supports efforts to establish "a single RPS target reflecting the total amount of renewable generation needed each year" to meet annual RPS goals as posited in question 15. Metropolitan understands the purpose of the "baseline" quantity as established in SB 1078 was to distinguish between the renewable generation the IOU either owned or procured in 2001, and subsequent IOU acquisition of renewable generation resource entitlements. As to renewable generation resources, however, it appears that the "baseline" label results in a distinction without a difference.

Metropolitan questions the value in continuing the baseline distinction. Since limited eligible renewable generation resources were in existence in 2001, it is obvious that IOUs are unable to meet annual, incremental RPS targets required under SB 1078 without the construction of

California Energy Commission IEPR Committee

Page 2

July 11, 2006

additional resources. Moreover, the June 2006 Consultant Report "Summary of the California Energy Commission's Renewables Portfolio Standard Contractor Reports, and the Status of Renewables Portfolio Standard Contracting and Regulation" prepared for the Energy Commission by KEMA, Inc. found that "The compliance reporting process used to track and verify compliance with the state's RPS is complex." Report at 19. Continuance of the distinction between baseline and non-baseline generation only increases the complexity of determining compliance with the RPS target. All that really matters is Energy Commission and California Public Utilities Commission determination whether the IOUs have met their respective RPS targets. Enforcement of the RPS target will cause the construction of the necessary additional eligible renewable generation resources to occur, and it should be irrelevant whether compliance was achieved through baseline resources or otherwise. Accordingly, Metropolitan recommends that the Energy Commission support legislative efforts to establish a single RPS target reflecting the total amount of renewable generation needed each year.

In response to question 16, Metropolitan recommends that the Energy Commission find that "statutory requirements that generation from specific geothermal, small hydro, and municipal solid waste combustion facilities apply only to the baseline" are unnecessary, and that those restrictions hamper movement to a single RPS target. As discussed above, Metropolitan believes distinction among renewable resources as "baseline" or otherwise simply adds complexity to the regulatory determination whether California's IOUs have met their applicable RPS target. The Energy Commission and CPUC should undertake all reasonable efforts to facilitate RPS compliance, including express support for the elimination of the baseline distinction among renewable generation resources.

If you have any questions regarding these comments, please call me at (213) 217-6985.

Sincerely yours,

*Sydney B. Bennion*  
*Interim General Counsel*

Diana Mahmud  
Sr. Deputy General Counsel